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DE RUEHAH #0106/01 0221132
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P 221132Z JAN 10
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4111
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6153
RUEHBJ/AMEMBASSY BEIJING 3838
RUEHKO/AMEMBASSY TOKYO 3697
RUEHIT/AMCONSUL ISTANBUL 4397
RUCNDT/USMISSION USUN NEW YORK 1431
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4322
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000106

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [EAIR](#) [ELTN](#) [EWWT](#) [EINV](#) [BTIO](#) [IR](#) [TX](#)

SUBJECT: TURKMENISTAN'S UNDERDEVELOPED TRANSPORT SECTOR

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Private transportation companies in Turkmenistan reported gradual growth in 2008-2009 in the country's trucking, railway and maritime sectors. Despite this growth, transportation companies acknowledged serious infrastructure shortcomings in all three transport sectors, especially in rail and maritime. Industry reps opined that the commercialization and enhancement of transportation services is inevitable, given the growing demand to move cargo to and through Turkmenistan. While the government officially supports the idea of modernizing the country's transport sector, it has not, to date, invested the amount necessary to update its inadequate infrastructure. END SUMMARY.

CARGO TRUCKS

13. (SBU) Trucking is the primary means of freight transport in Turkmenistan. The country's cargo truck fleet is comparatively small, but growing. Private Turkmen transport companies told us that 45 twenty-ton payload trucks enter Turkmenistan daily through two of the crossing points on Turkmen-Iranian border. The majority of these trucks will return to Iran with international cargo bound for points other than Iran. Transshipment takes place at either the Iranian seaport of Bandar Abbas or the Iranian land cargo terminal of Mersin on Iranian border with Turkey. The number of trucks bound for the Iranian market is lower. Since there are no centralized trucking terminals in Turkmenistan, truck drivers generally pick up shipments at individual vendors. As a result, it takes 3-5 days for drivers to complete their loads. Seasonal goods, like cotton exports in the summer and fall, and fruit and vegetable imports in the fall and winter, also affect the number of cargo trucks.

14. (SBU) Despite having a Free Transit Trade agreement with Iran, Turkmenistan in 1998-99 introduced a transit tax on

Iranian and other foreign trucks, reportedly to compensate the government for their use of Turkmenistan's highways. Iran reciprocated the move. Truck drivers from both sides pay about 150 USD for entry and road use permission.

¶5. (SBU) There are currently around fifty to sixty transport and expeditor companies in Turkmenistan, the majority of which are foreign. On paper, the Ministry of Automobile Transport acts as the expeditor for cargo transport via truck throughout the territory of Turkmenistan. In practice, private agents expedite nearly the entire process.

RAIL TRANSPORTATION

¶6. (SBU) The primary responsibility of the Turkmen Ministry of Railways is to provide and maintain cars and locomotives. Private transportation companies handle nearly all other railway services. A current shortage of diesel locomotives and cars hinders rail transport growth. A representative of the Swedish company Trans Eurasia Holding told economic assistant that Turkmen government views the inadequacies of the country's railways seriously. The government recently announced a tender to purchase new railroad boxcars and diesel locomotives in order to increase cargo capacity through Turkmenistan to onward destinations.

¶7. (SBU) The Trans Eurasia Holding rep told us that the southeastern border crossing with Uzbekistan at Farap receives around 3,000 rail cars a month (Note: 50 tons is the standard payload for each car. END NOTE.) He added the Sarahs (Iran-Turkmenistan border) border crossing receives around 2,000 cars monthly. There is a wheel-change terminal at Sarahs to adjust Turkmen cars, which use the old Soviet gauge system, to

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the Iranian gauge system and vice versa. According to Turkmen transportation experts, the Turkmen Railway Ministry faces a problem with the slow return of cars from Iran, and some Turkmen rail cars reportedly "disappear" once they enter Iran. The Russian rail network links Turkmenistan and Europe, and Asian companies with warehouses in Finland reportedly make faster deliveries through Russia to Central Asia than from their facilities in northern China. Transportation experts cite the absence of private railway companies in Turkmenistan as the primary reason for the lack of infrastructure improvement and commercial progress.

MARITIME TRANSPORT

¶8. (SBU) The primary Caspian seaport in Turkmenistan is Turkmenbashi. In the country's maritime transportation sector, the major constraints are limited technical infrastructure and a shortage of vessels. Existing ships, for example, can only make short trips along the coast; they are not equipped or maintained to sail across the Caspian to Baku, Azerbaijan. Turkmen ships regularly sail to the coastal oil terminals at Cheleken and Ekerem. It is estimated that annual oil shipments from Turkmenbashi, Ekerem, and Cheleken are about two million tons. The Azerbaijani-operated ferry service between Turkmenbashi and Baku allows access for Turkmen railways to the Georgian seaports of Poti and Batumi. The ferry delivers around 30,000 tons of railway cargo to Turkmenistan monthly; many U.S. shipments to Central Asia use this route. No official data on the volume of maritime transportation is available, but experts believe it to be relatively small.

¶9. (SBU) COMMENT: Given Turkmenistan's geographic location along natural transport routes through Central Asia and to points beyond, it has the potential to greatly increase its role as a regional transport hub. The lack of investment in transportation infrastructure is the main obstacle to developing the sector. Privatization of the country's transportation sectors would be a potentially viable solution, but only in the long-term given the predominant role of the state sector in government policy. END COMMENT.

